



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 916

DATE: June 30, 2010

TO: Iowa Medicaid Case Managers, Service Workers and Supervisors,
Service Area Administrators, Home Community Based Service Providers and
County Central Point of Coordination Administrators

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Medicaid Program Changes – 2.5% Reduction Continues for SFY 2011

EFFECTIVE: **July 1, 2010**

On October 8, 2009 Governor Culver issued Executive order 19 which mandated a 10 percent across-the-board cut in state government spending. As a result, the Department of Human Services enacted rule changes as part of the effort to achieve the savings required in the executive order. Some of those changes decreased rates for Medicaid HCBS services by 2.5% through June 30, 2010; this was announced to providers in November of 2009 in Informational Letters 864 & 869.

This announcement informs providers that new rule changes will make the 2.5% rate reductions ongoing and details how those cuts are implemented for Medicaid Home and Community Based Services beginning in State fiscal year 2011 (July 1, 2010).

The chart on the four pages that follow describe the rate cuts for fiscal year 2011 forward for all HCBS waivers. The chart is segmented by service and includes direction on how each cut is implemented.

The rule changes are posted on the administrative rule pages of the DHS Office of Policy Analysis website at this link:

<http://www.dhs.iowa.gov/policyanalysis/RulesPages/RuleDocuments/RulesInProgress/Arc%208899b.pdf>.

The IME appreciates your partnership as we work together to serve the needs of Iowa Medicaid members. If you have any questions, please contact the IME Provider Services Unit at 1-800-338-7909, locally (Des Moines) at 256-4609 or by e-mail: imeproviderservices@dhs.state.ia.us.

Service	Payment Methodology	Process for implementing 2.5% reduction
<ul style="list-style-type: none"> Adult Day Care 	Fee Schedule	<p>AIDS/HIV, BI, Elderly, I&H waivers:</p> <ol style="list-style-type: none"> 1. Approved VA contract rate minus 2.5% 2. If no VA contract rate, the rate in effect as of 12/1/09. If a new provider, the rate minus 2.5%. <p>ID Waiver:</p> <ol style="list-style-type: none"> 1. Approved county contract rate minus 2.5% 2. If no county contract rate, the rate in effect as of 12/1/09. If a new provider, the rate minus 2.5%.
<ul style="list-style-type: none"> Interim medical monitoring and treatment (IMMT) provided by home health agency: Nurse Home Health Aide 	Cost-based rate for services provided by a home health agency	Lesser of Maximum Medicare rate in effect 12/01/09 or maximum Medicaid rate in effect 12/01/09 converted to an hourly rate.
<ul style="list-style-type: none"> Home Health Aides 	Retrospective Cost Related	<p>For AIDS/HIV, elderly, and ill and handicapped waivers: Lesser of maximum Medicare rate in effect 12/01/09 or maximum Medicaid rate in effect 12/01/09</p> <p>For intellectual disabilities waiver: Lesser of maximum Medicare rate in effect 12/01/09 or maximum Medicaid rate in effect 12/01/09 converted to an hourly rate.</p> <p>The Case Manager must work with the provider to assure that 5% is reduced from the</p>

		rate.
<ul style="list-style-type: none"> Nursing care 	<p>For elderly and ID-Fee Schedule as determined by Medicare.</p> <p>For Aids/HIV and ill and handicapped waivers: Agency's financial and statistical cost report and Medicare percentage rate per visit.</p>	<p>For elderly waiver: Rate in effect 12/01/09.</p> <p>For intellectual disabilities waiver: Lesser of maximum Medicare rate in effect 12/01/09 or maximum Medicaid rate in effect 12/01/09 converted to an hourly rate.</p> <p>For Aids/HIV and ill and handicapped waivers: Rate in effect 12/01/09.</p> <p>The Case Manager must work with the provider to assure that 2.5% is reduced from the rate.</p>
<ul style="list-style-type: none"> Respite-Specialized (through Home Health Agency) 	Cost-based rate for nursing services provided by a home health agency	<p>Rate in effect as of 11/30/09 minus 5%.</p> <p>The Case Manager must work with the provider to assure that 5% is reduced from the rate.</p>
<ul style="list-style-type: none"> Respite (group, basic, camp) 	<p>Retrospectively Limited Prospective Rates</p> <p>(IAC 441 79.1(15)e states "Prospective rates for respite shall be agreed upon between the consumer , interdisciplinary team and the provider up to the maximum, subject to retrospective adjustment as provided in paragraph f.")</p>	<p>The rate in effect as of 12/1/09. If a new provider, the rate minus 2.5%.</p> <p>The Case Manager must work with the provider to assure that 2.5% is reduced from the rate.</p> <p>Please note that although the respite rate is set by the provider rather than by a cost report, the rate that was in effect 12/1/09 cannot be increased.</p>
<ul style="list-style-type: none"> Home and Vehicle Modifications Assistive Devices Specialized Medical equipment Environmental 	Fee Schedule	<p>2.5% off of the accepted bid or item to be purchased.</p> <p>The Case Manager must work with the provider to assure that 2.5% is reduced from the</p>

Modifications and Adaptive Devices. <ul style="list-style-type: none"> • Individual-directed goods and services 		rate.
<ul style="list-style-type: none"> • Consumer Directed Attendant Care (individual, agency, assisted living) • Independent Support Broker • Self Directed Personal Care • Self-directed Community Supports and Employment. • Individual-directed goods and services 	Fee agreed upon by the consumer and provider.	The rate in effect as of 12/1/09. If a new provider, the rate minus 2.5%. The Case Manager must work with the consumer/provider to assure that 2.5% is reduced from the rate.
<ul style="list-style-type: none"> • Case Management 	Fee Schedule with Cost Settlement	Rates are determined by a cost reporting method. Current rates are loaded into ISIS. A 2.5% reduction is not required for this service.
<ul style="list-style-type: none"> • Supported Community Living Hourly • Supported Employment (supports to maintain a job, enclave) hourly. • Family and Community Support Services. 	Retrospectively Limited Prospective Rates	Current rates are loaded into ISIS with the 2.5% already deducted. Rates are determined by a cost reporting method: <u>Prospective Rate</u> <ul style="list-style-type: none"> • Reduce the inflation by 2.5% • Reduce the rate caps by 2.5% <u>Retrospective Settlement</u> <ul style="list-style-type: none"> • Remove the 2.5% increase in allowable cost • Reduce the rate caps by 2.5% The provider receives notification via a letter confirming the rate with the 2.5% already deducted

<ul style="list-style-type: none"> Supported Community Living Daily Residential Based Supported Community Living. 	Retrospectively Limited Prospective Rates	<p>Rates are determined by a cost reporting method:</p> <p><u>Prospective Rate</u></p> <ul style="list-style-type: none"> Reduce the inflation by 2.5% Reduce the rate caps by 2.5% <p><u>Retrospective Settlement</u></p> <ul style="list-style-type: none"> Remove the 2.5% increase in allowable cost Reduce the rate caps by 2.5% <p>The provider receives notification via a letter confirming the rate with the 2.5% already deducted.</p> <p>Please note that the rate for SCL daily is an average rate for the site. Individual rates may vary based on their needs.</p>
<ul style="list-style-type: none"> Supported Employment -Job development Supported Employment - Employer Development 	Fee Schedule	The rate in effect as of 12/1/09. If a new provider, the rate minus 2.5%.
<ul style="list-style-type: none"> Prevocational Services Day Habilitation 	Fee Schedule	<p>Two options:</p> <ol style="list-style-type: none"> Approved county contract rate minus 2.5% If no county contract rate, the rate in effect as of 12/1/09. If a new provider, the rate minus 2.5%